

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
JUNE 23 and 24, 2008
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, June 23, 2008 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Monday, June 23, 2008 at 9:51 a.m. the following Board Members were present: Chairman Jaffe, Members Charles Gardner, Eugene Winkler, and James Sullivan.

At 9:51 a.m. on Monday, June 23, 2008, Member Gardner called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Winkler moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 11:52 a.m. The Board recessed until Tuesday, June 24, 2008 at 8:45 a.m.

Roll call vote was taken at the start of the closed session with Chairman Jaffe, Members Gardner, Winkler, and Sullivan present. Member Moore entered the meeting at 8:50 a.m. At 11:20 a.m. member Winkler moved to go into Open session. Member Gardner seconded the motion. The Board approved the motion by voice vote.

APPROVAL OF MINUTES –

Member Moore moved **that the Board approve the closed session minutes of its Regular Meeting of May 19, 2008 and the open session minutes of its Regular Meeting of May 19, 2008.** Member Sullivan seconded the motion. The Board approved the motion unanimously by role call vote.

BOARD POLICY ITEMS

Presentation by Caleb Melamed:

Downloading of electronic credits: This proposed rulemaking authorizes the downloading of electronic credits from the computer management system of an owner licensee. Currently, riverboat patrons can only obtain electronic credits by inserting a voucher issued by an electronic gaming device. The downloading of electronic credits is a technology widely used in the gaming industry but not currently allowed under Illinois law.

Rule Section Amended: 86 Ill. Adm. Code 3000.600.

Coupons redeemable for electronic credits: Rule Section 3000.636 currently authorizes the distribution of coupons for complimentary chips, tokens, vouchers and cash. This Section makes no reference, however, to the distribution of coupons for electronic credits, even though these types of credits are extensively used. The proposed rulemaking adds language authorizing coupons for electronic credits.

Rule Section Amended: 86 Ill. Adm. Code 3000.636.

Remote access: The proposed rulemaking will allow licensed owners and suppliers to remotely access computer management systems for purposes of program and system upgrades, equipment maintenance and corporate information retrieval. Remote access has become possible because of advancements in technology and is now the industry standard. In gaming jurisdictions where it has been implemented, remote access has brought about cost and labor efficiencies, as well as quicker problem resolution.

Rule Sections Amended: 86 Ill. Adm. Code 3000.100, 3000.660, 3000.661 and 3000.670.

- Section 3000.600 – Download of Electronic Credits – First Notice Filing

Member Moore moved to **authorize staff to submit proposed revisions to section 3000.600 of the Adopted Rules for First Notice Filing with the Secretary of State upon final review and approval of the Administrator.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Section 3000.636 - Coupons Redeemable for Electronic Credits–First Notice Filing

Member Moore moved to **authorize staff to submit proposed revisions to section 3000.636 of the Adopted Rules for First Notice Filing with the Secretary of State upon final review and approval of the Administrator.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Sections 3000.100, 3000.660, 3000.661 and 3000.700 – Remote Access–First Notice Filing

Member Moore moved to **authorize staff to submit proposed revisions to sections 3000.100, 3000.660, 3000.661 and 3000.700 of the Adopted Rules for First Notice Filing with the Secretary of State upon final review and approval of the Administrator.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner asked if this allows remote access to gaming machines. Chief Counsel Fries stated that the remote access is system to system.

CHAIRMAN'S COMMENTS – no motion

BOARD MEMBER COMMENTS – no motion

ADMINISTRATOR'S COMMENTS – no motion

Administrator Ostrowski commented on the visits that he and Commander Banks made to the various docksites. Commander Banks being recently appointed took a tour and met with staff at each facility.

The Administrator also commented on the information submitted by Owners, Suppliers and Occupational licensees. Tardiness with the submission of renewal/update information by all licensees will no longer be tolerated by the Board and staff. If in the future, information submitted is late or incomplete, staff will alert the Board to such conduct for consideration of discipline.

OWNER LICENSEE ITEMS

- Penn National Gaming, Inc. – Merger Acquisition

Member Gardner offered the following resolution:

WHEREAS, Penn National Gaming, Inc., (Penn National) through subsidiaries, owns the Argosy Alton Belle Casino, in Alton, Illinois, the Empress Casino Joliet Corporation, in Joliet, Illinois and the Hollywood Casino Aurora, Inc., in Aurora, Illinois. The Alton Belle, Empress Casino and Hollywood Casino are Illinois Owner licensees.

WHEREAS, on June 15, 2007 Penn National entered into an Agreement And Plan Of Merger with affiliates of two private equity firms, Fortress Investment Group LLC (Fortress) and Centerbridge Capital Partners, L.P. (Centerbridge) - to merge with PNG Merger Sub Inc. PNG Merger Sub Inc. is 100% owned by PNG Acquisition Company Inc. Penn National will be the surviving company and will be 100% owned by PNG Acquisition Company Inc. PNG Acquisition Company Inc. will be 100% owned by PNG Holdings LLC. PNG Holdings LLC is owned by affiliates of Fortress and Centerbridge as well as Peter Carlino.

WHEREAS, following the merger, Penn National will have two classes of stock: voting stock, which will hold no economic interest in Penn National and non-voting stock, which will have 100% of the economic interest, but no voting rights or control, in Penn National. Following the merger, FIF V Voteco LLC, a Fortress affiliate, will own 76%, Centerbridge Voteco LLC, a Centerbridge affiliate, will own 22% and Peter Carlino will own 2% of the voting stock of Penn National. The non-voting stock will be owned by entities which are investment vehicles for sophisticated institutional and individual investors with 2% owned by Peter Carlino.

WHEREAS, FIF V Voteco LLC will be owned and managed by Wesley R. Edens, Randal A. Nardone and Robert I. Kauffman. Centerbridge Voteco LLC will be owned and managed by Jeffery H. Aronson and Mark T. Gallogly.

WHEREAS, the assets of Alton Belle, Empress Casino and Hollywood Aurora will be used to secure certain obligations of Penn National, pursuant to terms and conditions defined by the merger debt financing instruments;

WHEREAS, on December 18, 2007 Penn National, Fortress and Centerbridge requested initial consideration of the Agreement And Plan Of Merger and the merger transaction by the Board.

NOW THEREFORE,

Be It Resolved that the Board approves the Agreement And Plan Of Merger and the merger of PNG Merger Sub Inc. with and into Penn National, with Penn National the surviving corporation in the merger, and with the ownership structure as set forth herein.

Be It Further Resolved that the Board approves the proposed financing package to fund the acquisition of Penn National, contingent on subsequent approval of terms presented in the final financing documentation that materially differ from the terms in the documentation provided to date.

Be It Further Resolved that the Board designates and approves the following business entities, positions and individuals as additional Key Persons of Argosy Alton Belle Casino, Empress Casino Joliet Corporation and Hollywood Casino Aurora, Inc.:

1. PNG Holdings, LLC
2. Managing Member, PNG Holdings, LLC
3. PNG Acquisition Company, Inc.
4. Wesley R. Edens
5. Randal A. Nardone
6. Robert I. Kauffman
7. William B. Doniger
8. Jeffery H. Aronson
9. Mark T. Gallogly, and
10. Steven Price

Member Gardner moved that **the Board adopt this resolution**. Member Winkler seconded the motion. The Board approved the motion unanimously by role call vote.

- MGM – Tracinda Pledge Agreement

Pursuant to Section 235(d) of the Board's Adopted Rules, Member Sullivan moved to **approve the April 15, 2008 Pledge Agreement by and between Tracinda Corporation and Bank Of America, N.A. pursuant to which Tracinda Corporation will pledge 50 million MGM**

shares to Bank Of America N.A., on condition that Section 11.1 of the Pledge Agreement is amended to include language reflecting that the Lender shall act in accordance with all applicable laws, including all applicable gaming laws, rules, and regulations. I further move to delegate final approval to the Administrator upon submission and review of the amended Pledge Agreement. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Par-A-Dice Hotel & Casino – Douglas Ross Johnson, Director of Table Games – Level One

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve Douglas Ross Johnson as an Occupational Licensee Level 1 in the position of Director of Table Games at the Par-A-Dice Hotel & Casino.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Par-A-Dice Hotel & Casino – Paul Joseph Chakmak, Vice President/Treasurer – Key Person

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board approve Paul Joseph Chakmak as a Key Person for Par-A-Dice Gaming Corporation d/b/a Par-A-Dice Hotel and Casino as Vice President/Treasurer for Par-A-Dice Gaming Corporation d/b/a Par-A-Dice Hotel and Casino.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Elgin Riverboat Resort d/b/a Grand Victoria Casino – James J. Murren, Executive Committee Member – Key Person

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve James J. Murren as a Key Person for Elgin Riverboat Resort d/b/a Grand Victoria Casino as Executive Committee Member for Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Metropolis – Kelley Lynn Keeling, Assistant Vice President of Casino Operations – Level One

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve Kelley Lynn Keeling as an Occupational Licensee Level 1 in the position of Assistant Vice President of Casino Operations at Harrah's Metropolis Casino.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Penn National Gaming, Inc. – Timothy Joseph Wilmott, President & COO – Key Person

Based on a review of staff's investigation and recommendation, Member Gardner moved that **the Board approve Timothy Joseph Wilmott as a Key Person for Argosy Casino Alton, Empress Casino Joliet and Hollywood Casino Aurora as President & Chief Operating**

Officer for Penn National Gaming, Inc. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS - Level 2's & 3's

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve 37 applications for an Occupational License, Level 2, and 128 applications for an Occupational License, Level 3.**

Further, Member Sullivan moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. Shantita M. Taylor;
2. Rhain K. Crawford;
3. Robert Krohn;
4. Christopher Vaughn;
5. Jeffrey J. McLaughlin and
6. Randall J. Loyet.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

- David W. Vinson - Occupational Licensee - Harrah's Joliet

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against David W. Vinson, an occupational licensee, for failing to disclose his April 19, 2008 arrest.**

Further, Member Winkler moved that **the Board suspend David W. Vinson's occupational license for 5 days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Stephanie L. Buczek – Occupational Licensee – Harrah's Joliet

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Stephanie L. Buczek, an occupational licensee, for failing to disclose her March 23, 2008 arrest.**

Further, Member Winkler moved that **the Board suspend Stephanie L. Buczek's occupational license for 5 days without pay. Said action to take effect twenty-one (21) days from the date**

of service of the complaint unless the licensee files an Answer within that time period.

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Benjamin Schneider – Occupational Licensee – Casino Queen

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Benjamin Schneider, an occupational licensee, for failing to disclose his April 3, 2008 arrest.**

Further, Member Sullivan moved that **the Board suspend Benjamin Schneider's occupational license for 5 days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Ericka Hendon – Occupational Licensee – Par-A-Dice

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Ericka Hendon, an occupational licensee, due to her admitted theft of \$400.00 from Par-A-Dice Casino.**

Further, Member Sullivan moved that **the Board revoke Ericka Hendon's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATIVE HEARINGS/ALJ REPORTS

- Request for Hearing – Marcus Fenton

Member Moore moved for the Board to **enter a Final Board Order finding the disciplinary action of Marcus Fenton, #DC-08-05, to be moot and to set forth therein the basis for that finding.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

ADJOURNMENT -

At 1:40 p.m. Member Winkler motioned for adjournment while Member Gardner seconded the motion. All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator